

EXHIBIT A

Water Allotment Methodology / Drought Management Plan **East Bench Irrigation District (District) and the Clark Canyon Water Supply Company** **(Company)**

Modification of Exhibit A

If mutually agreed to by the District and the Company, and with concurrence of the Contracting Officer, this Exhibit A Water Allotment Methodology / Drought Management Plan may be amended as deemed appropriate.

Water Allotment Methodology

The Joint Board shall annually determine and allot quantities of water to be delivered from available natural flow and storage during the Irrigation season to the Company, and to the District, in accordance with the methods outlined in this Exhibit A and the priorities identified below. The Joint Board will convene on or before March 10 each year for the purpose of setting tentative allotments for the coming irrigation season, utilizing the best available forecasting data and methodology as supplied by the Contracting Officer, unless all parties agree to another methodology. The Joint Board will meet again on or before April 10 for the purpose of finalizing the allotments.

First Priority – to the Company: An allotment of 4.0 AF per acre for each of the 25,995 allotment acres identified in Section 1 of Exhibit C of the Company's Contract with Reclamation as A, B, and C share acres. Allotments will be based upon the number of acres for that point of diversion from the Beaverhead River as identified in Section 1 of Exhibit C. This first priority allotment may be utilized on all eligible Shareholder lands as identified in Section 2 of Exhibit C. However, allotments are specific to individual points of diversion and may only be transferred from one point of diversion to another with prior approval of the Joint Board or if the use is kept within the same farm unit as displayed in Section 2 of Exhibit C. All diversions are to be measured and accounted for at the River head gate from which it is distributed with a properly functioning measuring device.¹

Second Priority – to the District: An allotment of 3.1 AF per acre for each of the 22,689 allotment acres identified in Section 1 of Exhibit C of the District's Contract with Reclamation as Class 1, 2, and 3 acres. This second priority allotment may be utilized on all eligible District lands as identified in Section 2 of Exhibit C. All diversions are to be measured and accounted for at Barretts Diversion Dam with a properly functioning measuring device.

Third Priority: When sufficient water is available as determined by the Joint Board, an additional allotment of 0.5 acre feet per acre will be provided for each of the 25,995 allotment

¹With the exception of Dillon Canal Company water which is measured at the weir immediately below the East Chapman St., Dillon, MT diversion works.

acres identified in Section 1 of Exhibit C of the Company's Contract with Reclamation as A, B and C share acres, followed by the same quantity of additional allotment for each of the 22,689 allotment Class 1, 2, and 3 acres identified in Section 1 of Exhibit C of the District's Contract with Reclamation. The Joint Board will continue raising allotments in 0.5 AF increments, first to the Company and second to District, as long as it can be put to beneficial use.

DROUGHT MANAGEMENT PLAN (DMP)

If, at the March Joint Board meeting, the available information indicates a forecasted August end of month Clark Canyon Reservoir (CCR) pool level of 50,000 acre-feet (AF) or less, then the Drought Management Plan (DMP) will be triggered and the Joint Board will tentatively set reduced allotments as set forth in the table below. If the DMP is triggered, then on or before April 10, after reviewing the available forecasting information, the Joint Board will set the allotments for the coming season based upon the reduction schedule set forth in the table below. Once the DMP allotment is set, it can be raised but will not be further reduced, even if the targeted end-of-season storage level is not met. However, as provided in the Company's and the District's Contracts, in all cases water deliveries from CCR storage will cease if/when storage levels at CCR fall to 10,000 AF or less.

If the DMP is triggered, the allotments outlined in the following table shall be used, except that the allotments for the Shareholder lands represented by the Company's Class A shares shall not be reduced below 3.5 AF per acre when water is otherwise available under the terms of the Contract. The allotments shall be based on the forecasted lowest level the conservation storage pool will obtain.

<u>Forecasted End of August CCR Storage</u>	<u>Company Allotment</u>	<u>District Allotment</u>
50,000 to 40,000 AF	3.5 AF/ac	2.7 AF/ac
40,000 to 30,000 AF	3.25 AF/ac	2.25 AF/ac
30,000 to 10,000 AF	3.0 AF/ac	2.0 AF/ac
10,000 AF	3.0 AF/ac	balance or bank

Reductions in the acres to which allocations are applied are not mandatory if the DMP is triggered. All acres identified in Section 2 of Exhibit C of the Company's and District's contracts as eligible can receive water under the DMP.

Once implemented, the DMP shall remain in effect until the Joint Board, with the concurrence of the Contracting Officer, determines otherwise. In the event of unforeseen conditions, the Joint Board shall have authority to take emergency measures to restrict deliveries further than outlined above to meet its drought management objectives.

Banked Water

In the event the forecasted amount of water available to the District to utilize during the irrigation season is less than 45,378 AF (2.0 AF/ac x 22,689 acres), the District may decide to bank the water available to it in storage until the immediately following irrigation season. If conditions improve and the District then decides to divert any water during the current irrigation season, all options for banking water that year will be eliminated. The amount of banked water will be carried in the CCR storage pool to the subsequent irrigation season in its entirety, and will be an added allotment for the District's use in that subsequent irrigation season (in addition to water available to the District under the water allotment methodology then in effect). The Joint Board shall make the final determination as to the amount of water that was banked in a particular year at the end of the irrigation season, up to a maximum of 45,378 AF.

Water banked by the District in any season will become part of the general CCR pool (instead of additional water for just the District) if the DMP is not in effect in the subsequent irrigation season.

Shoulder Seasons

Separate pre-season and post-season allotments will be provided to the Company and the District for water delivered outside of the amount provided under the Company's Contract, Subarticles 6.c and 6.d and the District's Contract, Subarticles 6.c and 6.d. Water provided prior to May 15, or when first releases are made from CCR storage for irrigation, whichever occurs earlier, will be considered pre-season allotments. Water provided after September 10, will be considered post-season allotments. The Joint Board will have the authority to establish such allotments.

Water allotments will be based upon the amount available, taking into consideration the demands of other senior water right holders. The Joint Board will make a determination as to the specific allotment available for the Company and the District and the respective Boards of Directors will be responsible for the distribution of such water to their members.

Pre-season allotment: The pre-season allotment shall be from the earliest practical date of diversion allowed by the water rights through the date that releases are made from storage of Clark Canyon Reservoir to meet irrigation demands for members of the Company or the District or May 15 of any Year, whichever is earlier.

Priority for the pre-season allotment will be given to the Company. In the event that all senior demands are met, the District will be allowed to divert pre-season water.

Post-season allotment: The post-season allotment will begin on September 10, and will be in effect until the latest practical date of diversion.

Priority for the post-season allotment will be given to the members of the Company and the District with unfilled irrigation season allotments. In the event the senior demands are met and the demands on remaining irrigation season allotments are satisfied, the Company shall have first priority over the post-season water and the District shall have the second priority.

THE UNITED STATES OF AMERICA

By _____
Contracting Officer
Area Manager, Montana Area Office

EAST BENCH IRRIGATION DISTRICT

By _____
President

ATTEST:

Secretary

CLARK CANYON WATER SUPPLY COMPANY

By _____
President

ATTEST:

Secretary